



MEMORANDUM

To: House Committee on General and Housing
From: Kathleen Berk, Executive Director, Vermont State Housing Authority
Date: January 14, 2026
Re: Budget Adjustment Act Request – Creation of a Voucher Contingency Fund

My testimony today requests the support of this committee, through the Budget Adjustment Act (BAA), to establish a **\$5.0 million Voucher Contingency Fund** to prevent the involuntary termination of households from Public Housing Authority (PHA) Housing Choice Voucher (Section 8) programs due to federal funding shortfalls.

This request builds upon testimony and materials previously provided to the House Committee on General and Housing on January 8, 2026, as well as several other legislative committees over the past several months.

Why This is Necessary Now

Federal Housing Choice Voucher funding is chronically underfunded and unpredictable, placing Vermont PHAs at immediate risk of losing vouchers and displacing currently housed families.

Without a state assistance in Calendar Year 2026:

- PHAs will likely be forced to terminate assistance to comply with federal spending caps
- Vermont will lose hundreds of vouchers and millions in federal funds
- The State will face higher downstream costs tied to homelessness and housing instability

Considerations for the Committee

- PHAs in CY 2025 shortfall are expected to remain in shortfall in CY 2026 absent intervention
- Final CY 2026 allocations unknown until Congress enacts full-year appropriations
- Projected federal losses:
 - House bill: ~600 vouchers
 - Senate bill: ~300 vouchers
 - Estimated impact: \$3.6–\$7.2 million in annual federal funding reductions
- PHA reserves previously used to absorb shortfalls are exhausted



Request

Support the creation of a Voucher Contingency Fund through the BAA process.

- Amount: \$5.0 million (one-time)
- Administration: Agency of Administration
- Access: Vermont PHAs, as needed
- Use: Offset federal Housing Choice Voucher funding shortfalls that would otherwise result in voucher terminations
- Compliance: Subject to HUD and PHA requirements; if HUD approvals are not provided and terminations are unavoidable, funds may still be used
- Reversion: Unused funds revert to the General Fund

Conclusion

This targeted, one-time contingency fund provides a necessary safeguard during federal uncertainty—protecting Vermont families, preserving federal rental assistance, and avoiding higher state costs.

We respectfully request that you support funding for a \$5.0 million Voucher Contingency Fund in the Budget Adjustment Act.